

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the Matter of:

NOTICE OF ADJUSTMENT OF RATES OF )  
GENERAL TELEPHONE COMPANY ) CASE NO. 8859  
OF KENTUCKY )

O R D E R

IT IS ORDERED that General Telephone Company of Kentucky shall file an original and 15 copies of the following information with the Commission on or before August 12, 1983. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Capital structure at the end of each of the periods as shown in Format 1.

2. a. Provide a list of all outstanding issues of long term debt as of the end of the latest calendar year and the end of the test period together with the related information as shown in Format 2a. A separate schedule is to be provided for each time period. Report in Column (k) of Format 2a, Schedule 2 the actual dollar amount of debt cost for the test year. Compute the actual and annualized composite debt cost rates and report them in Column (j) of Format 2a, Schedule 2.

b. Provide an analysis of end of period short term debt and a calculation of the average and end of period cost rates as shown in Format 2b.

3. Provide a list of all outstanding issues of preferred stock as of the end of the latest calendar year and the end of the test period as shown in Format 3. A separate schedule is to be provided for each time period. Report in Column (h) of Format 3, Schedule 2, the actual dollar amount of preferred stock cost accrued and/or paid during the test year. Compute the actual and annualized preferred stock cost rate and report the results in Column (h) of Format 3, Schedule 2.

4. a. Provide a listing of all issues of common stock in the primary market during the most recent 10 year period as shown in Format 4a.

b. Provide the common stock information on a quarterly and yearly basis for the most recent 5 calendar years available, and through the latest available quarter as shown in Format 4b.

c. Provide monthly market price figures for common stock for each month during the most recent 5 year period and for the months through the date the application is filed as shown in Format 4c. Provide a listing of all stock splits by date and type.

5. Provide a computation of fixed charge coverage ratios for the 10 most recent calendar years and for the test year as shown in Format 5.

6. a. A schedule of the present and proposed rates, charges, terms and conditions, and service rates and regulations which the applicant seeks to change, shown in comparative form.

b. A detailed analysis of customers' bills, adjusted to actual usage and in such detail that the revenues from the present and proposed rates can be readily determined.

c. A schedule of test year revenues for each rate schedule per book rates, present rates annualized, and proposed rates annualized.

d. A schedule setting forth the effect upon average consumer bills.

e. A statement setting forth estimates of the effect that the new rate or rates will have upon the revenues of the utility, the total amount of money resulting from the increase or decrease and the percentage increase or decrease.

f. A schedule showing by service category (i.e., exchange access, private line, toll, etc.) the amount and percent of any proposed increase or decrease in revenue distributed to each category. This schedule is to be accompanied by a statement

which explains in detail the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective service categories.

g. A schedule showing how the increase or decrease in (f) above was further distributed to each rate charge (i.e., exchange access, private line, toll, etc.). This schedule is to be accompanied by a statement which explains, in detail, the methodology or basis used to allocate the increase or decrease.

h. A statement showing by cross-outs and italicized inserts all proposed changes in rates, charges, terms and conditions, and service rules and regulations for each rate or charge. Copy of current tariff may be used. Item 6 should be provided where not previously included in the record.

7. In comparative form, a total company income statement, a statement of changes in financial position, and a balance sheet for the test year and the 12-month period immediately preceding the test year. (On the total company income statement show net income.)

8. A trial balance as of the last day of the test year (all income statement accounts should show activity for 12 months) showing account number, account title, and amount. Provide this information on a total company and Kentucky jurisdictional basis. Show the balance in each control and all underlying subaccounts per company books.

9. The balance in each current asset and each current liability account and subaccount included in the applicant's chart of accounts by months for the test year. Additionally show total

current assets, total current liabilities and the net current position by months, annually, and the 13-month average for the test year. Provide a reconciliation of current assets, current liabilities and net current position provided in response to the above with the current assets and current liabilities as shown on the balance sheet for each month of the test year. If any amounts were allocated, provide a calculation of the factor used to allocate each amount.

10. List each general office account (asset, reserve, and expense accounts) covering the twelve months of the test year applicable to more than one jurisdiction or utility operation. If any amounts were allocated show a calculation of the factor used to allocate each amount.

11. The following monthly account balances and a calculation of the average (thirteen month) account balances for the test year for the total company and Kentucky jurisdictional operations:

- a. Plant in service (Account 101.1)
- b. Plant purchased or sold (Account 277)
- c. Property held for future use (Account 100.3)
- d. Construction work in progress (Account 100.2)  
(Separate this balance into CWIP eligible for capitalized interest and other CWIP)
- e. Completed construction not classified
- f. Depreciation reserve (Account 171)
- g. Plant acquisition adjustment (Account 100.4)
- h. Amortization of utility plant acquisition adjustment (Account 172)

- i. Materials and supplies (include all accounts and subaccounts (Account 122))
- j. Balance in accounts payable applicable to each account in i above. (If actual is indeterminable, give reasonable estimate.)
- k. Unamortized investment credit - Pre-Revenue Act of 1971
- l. Unamortized investment credit - Revenue Act of 1971
- m. Accumulated deferred income taxes
- n. A summary of customer deposits as shown in Format 11n to this request
- o. Balance in accounts payable applicable to amounts included in utility plant in service. (If actual is indeterminable, give reasonable estimate.)
- p. Balance in accounts payable applicable to amounts included in plant under construction. (If actual is indeterminable, give reasonable estimate.)

12. The dollar amount of employee concession telephone service for the 12 months of the test year as shown in Format 12 attached.

13. Provide the following information for each item of property held for future use at the end of the test year:

- a. Description of property
- b. Location
- c. Date purchased
- d. Cost
- e. Estimated date to be placed in service
- f. Brief description of intended use
- g. Current status of each project

14. Schedules in comparative form showing by months for the test year and the year preceding the test year the total company

balance in each plant and reserve account or subaccount and included in the applicant's chart of accounts as shown in Format 14.

15. Provide the journal entries relating to the purchase or sale of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise since the inception of the Company. Also, a schedule showing the calculation of the acquisition adjustment at the date of purchase of each item of utility plant, the amortization period, and the unamortized balance at the end of the test year.

16. The detailed workpapers showing calculations supporting all accounting, pro forma, end of period, and proposed rate adjustments in the rate application to revenue, expense, investment and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment including the reason why each adjustment is required. Explain in detail all components used in each calculation including the methodology employed and all assumptions applied in the derivation of each adjustment. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

17. A schedule showing a comparison of the balance in the total company and Kentucky jurisdictional revenue accounts for each month of the test year to the same month of the preceding year for each revenue account or subaccount included in the applicant's chart of accounts. Include appropriate footnotes to show the month each rate increase was granted and the month the full increase was recorded in the accounts. See Format 14.

18. a. A schedule showing a comparison of the balance in the total company and Kentucky jurisdictional operating expense accounts for each month of the test year to the same month of the preceding year for each account or subaccount included in the applicant's chart of accounts. See Format 14.

b. A schedule in comparative form showing the total company and Kentucky jurisdictional operating expense account balance for the test year and each of the 5 years preceding the test year for each account or subaccount included in the applicant's annual report. (FCC Form No. M, Schedule 35.) Show the percentage of increase of each year over the prior year.

c. A schedule of total company and Kentucky jurisdictional salaries and wages for the test year and each of the five calendar years preceding the test year in the format as shown in Format 18c to this request. Show for each time period the amount of overtime pay.

d. A schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the test year and the five preceding years.

19. Provide the amount of excess deferred federal income taxes resulting from the reduction in the corporate tax rate from 48 percent to 46 percent in 1979, as of the end of the test year.

20. The following tax data for the test year for total company and Kentucky jurisdictional operations.

a. Income taxes:

(1) Federal operating income taxes deferred -  
accelerated tax depreciation



- (2) Federal operating income taxes deferred - other (explain)
- (3) Federal income taxes - operating
- (4) Income Credits resulting from prior deferrals of Federal income taxes
- (5) Investment tax credit net
  - (i) Investment credit realized
  - (ii) Investment credit amortized - Pre-Revenue Act of 1971
  - (iii) Investment credit amortized - Revenue Act of 1971
- (6) Provide the information in 20a (1) through 20a (4) for state income taxes
- (7) Reconciliation of book to taxable income as shown in format 20a (7) and a calculation of the book Federal and State income tax expense for the test year using book taxable income as the starting point
- (8) A copy of Federal and state income tax returns for the taxable year ended during the test year including supporting schedules
- (9) Schedule of franchise fees paid to cities, towns or municipalities during the test year including the basis of these fees

b. An analysis of Kentucky other operating taxes in the format as shown in attached Format 20b.

21. A schedule of total company and Kentucky jurisdictional net operating income per average access line (See Format 22, Schedule 2) per company books for the test year and the 5 calendar years preceding the test year. This data should be provided as shown in Format 21 attached.

22. The comparative operating statistics as shown in Format 22 attached.

23. A schedule of total company and Kentucky jurisdictional average plant in service per access line by account per company books for the test year and the 5 calendar years preceding the test year. This data should be provided as shown in Format 23 to this request.

24. A statement of plant in service per company books for the test year. This data should be presented as shown in Format 24 to this request.

25. Provide the following information. If any amounts were allocated, show a calculation of the factor used to allocate each amount.

a. A detailed analysis of all charges booked during the test period for advertising expenditures. This analysis should include a complete breakdown of Account 642 - Advertising as shown in format 25a attached and further should show any other advertising expenditures included in any other expense accounts. The analysis should be specific as to the purpose of the expenditure and the expected benefit to be derived. Expenses allocated from either the parent company or from affiliated companies should so be identified.

b. An analysis of Account 675 - Other Expenses for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 25b and further provide all detailed working papers supporting this analysis. As a minimum, the work papers should show the date, vendor, reference (i.e. voucher no., etc.), dollar amount and brief description of each expenditure. Detailed analysis is not required for amounts

of less than \$500 provided the items are grouped by classes as shown in Format 25b attached.

c. An analysis of Account 323 - Miscellaneous Income Charges for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 25c, and further provide all detailed working papers supporting this analysis. As a minimum the work papers should show the date, vendor, reference (i.e., voucher no, etc.), dollar amount and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$500 provided the items are grouped by classes as shown in Format 25c attached.

26. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 26, and all working papers supporting the analysis. At minimum, the working papers should show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the company according to each invoice, and a description of the service provided.

27. A detailed analysis of contributions for charitable and political purposes (in cash or services), if any, recorded in accounts other than Account 323. This analysis should indicate the amount of the expenditure, the recipient of the contribution and the specific account charged. If amounts are allocated show a calculation of the factor used to allocate each amount and its source.

28. a. Provide a statement describing the applicant's lobbying activities and a schedule showing the name of the

individual, his salary, the organizations or trade associations involved in and all company-paid or reimbursed expenses or allowances and the account charged for all personnel for whom a principal function is that of lobbying, on the local, state, or national level. If any amounts are allocated, show a calculation of the factor used to allocate each amount.

29. Provide the following information with regard to uncollectible accounts for the test year and 5 preceding calendar years (taxable year acceptable) for total company:

- a. Reserve account balance at the beginning of the year
- b. Charges to reserve account (accounts charged off)
- c. Credits to reserve account
- d. Current year provision
- e. Reserve account balance at the end of the year
- f. Percent of provision to total revenue

30. Provide a detailed analysis of the retained earnings account for the test period and the 12 month period immediately preceding the test period.

31. a. A listing of non-utility property and property taxes and accounts where amounts are recorded.

b. A schedule for all non-utility property giving a description, the date purchased and the cost.

32. Rates of return in Format 32 attached.

33. Employee data in Format 33 attached.

34. A calculation of the rate or rates used to capitalize interest during construction for the test year and the 3 preceding

calendar years. Provide a narrative explanation of each component entering into the calculation of this rate.

35. The information as soon as it is known, which would have a material effect on net operating income, rate base, and cost of capital which occurred after the test year and was not incorporated in the filed testimony and exhibits.

36. A detailed monthly income statement for each month after the test period including the month in which the hearing ends, as they become available.

37. Provide the names and mailing addresses of each of the applicant's directors.

38. Provide all current labor contracts and the most recent contracts previously in effect.

39. A schedule showing the test year and the year preceding the test year with each year shown separately the following information regarding the applicant's investments in subsidiaries and joint ventures:

- (1) Name of subsidiary or joint venture
- (2) Date of initial investment
- (3) Amount and type of investment made for each of the 2 years included in this report.
- (4) Balance sheet and income statement for the test year and the year preceding the test year. Where only internal statements are prepared, furnish copies of these.
- (5) Show on a separate schedule all dividends or income of any type received by applicant from its subsidiaries or joint ventures for each of the 2 year report periods and indicate how this income is reflected in the reports filed with the Commission and the stockholder reports.

- (6) Name of officers of each of the subsidiaries or joint ventures, officer's annual compensation, and portion of compensation charged to the subsidiary or joint venture. Also, indicate the position each officer holds with the applicant and the compensation received from the applicant.

40. Additional data relating to affiliated or parent company(s).

a. Consolidated parent and subsidiaries balance sheet, income statement, and statement of changes in financial position for the test year and the last two calendar years.

b. Schedule showing balance sheet, income statement, and retained earnings adjusting entries for Kentucky subsidiary in its consolidation with the parent company and affiliated companies.

c. Schedule of company's home office and/or inter-company charges; monthly for the test year and yearly for the last 2 calendar years. State the type of goods or services provided (i.e., supplies capitalized, data service, management services, etc.). The amount by type from each billing unit and the method used in billing (i.e., direct or allocated) and basis for allocating common charges.

d. Schedule of federal income tax reductions due to filing a consolidated parent tax return for the last 2 taxable years. Show source and type of reduction, and method and basis of allocating to companies and states.

41. The most recently available Embedded Direct Analysis.

42. a. Explanation of the settlement contract or method used with South Central Bell and any other telephone companies to

arrive at applicant's Kentucky intrastate test period toll revenues. (Provide the traffic agreement presently in use for settlement purposes.)

b. Explanation with copies of appropriate supporting material, of the separation procedures used to arrive at the test period Kentucky intrastate portions of revenues, investment, expenses, taxes, reserves and any other items applicable to the case. Include discussions on cost studies which were used and periods for which studies were made.

c. A breakdown by dollar amounts of the Kentucky intrastate toll revenues for the test period into their major class of toll service-message toll including WATS, private line, foreign exchange, and any other items contributing to the intrastate toll revenues. Include all intrastate toll revenues whether received through settlements or otherwise.

43. a. The status of all intrastate toll settlements, by major class of toll service, with South Central Bell that were pending at the beginning and at the end of the test period that would affect the test period intrastate toll revenues. Indicate the finality of these settlements with South Central Bell, and if they are not final, give the expected amounts and the expected dates they will be finalized. These amounts are to be reconciled with book entries including amounts accrued for future settlement adjustments.

b. A statement of concurrence from South Central Bell that the test period intrastate toll settlement revenue is correct giving dollar amounts for each major class of toll service

settled. If concurrence cannot be obtained, provide a detailed statement of differences.

c. Written explanations of each change or adjustment in intrastate toll settlements which was booked during the test period, but was applicable to settlements outside of the test period and which was booked outside the test period, but was applicable to settlements covering portions of the test period.

d. Written explanation of all pro forma adjustments made to normalize the test period intrastate toll revenues such as those caused by settlement contract changes and separation procedure changes that may effect such items as the intrastate toll rate of return used in computing toll settlements for actual cost and division of revenues companies.

e. Any other information the applicant deems necessary to explain the debits and credits to its toll revenues in order to normalize its intrastate toll revenues for the test period.

Done at Frankfort, Kentucky, this 25th day of July, 1983.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

\_\_\_\_\_  
Secretary



COMPANY NAME

Case No. 8859

Comparative Capital Structures (Excluding JDIC)

For the Periods as Shown

"000 Omitted"

| <u>Line<br/>No.</u> | <u>Type of Capital</u>          | <u>10th Year</u> |              | <u>9th Year</u> |              | <u>8th Year</u> |              |
|---------------------|---------------------------------|------------------|--------------|-----------------|--------------|-----------------|--------------|
|                     |                                 | <u>Amount</u>    | <u>Ratio</u> | <u>Amount</u>   | <u>Ratio</u> | <u>Amount</u>   | <u>Ratio</u> |
| 1.                  | Long Term Debt                  |                  |              |                 |              |                 |              |
| 2.                  | Short Term Debt                 |                  |              |                 |              |                 |              |
| 3.                  | Preferred & Preference<br>Stock |                  |              |                 |              |                 |              |
| 4.                  | Common Equity                   |                  |              |                 |              |                 |              |
| 5.                  | Other (Itemize by type)         |                  |              |                 |              |                 |              |
| 6.                  | Total Capitalization            |                  |              |                 |              |                 |              |

COMPANY NAME

Case No. 8859

Comparative Capital Structures (Excluding JDIC)

For the Periods as Shown

"000 Omitted"

| <u>Line<br/>No.</u> | <u>Type of Capital</u>          | <u>7th Year</u> |              | <u>6th Year</u> |              | <u>5th Year</u> |              |
|---------------------|---------------------------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
|                     |                                 | <u>Amount</u>   | <u>Ratio</u> | <u>Amount</u>   | <u>Ratio</u> | <u>Amount</u>   | <u>Ratio</u> |
| 1.                  | Long Term Debt                  |                 |              |                 |              |                 |              |
| 2.                  | Short Term Debt                 |                 |              |                 |              |                 |              |
| 3.                  | Preferred & Preference<br>Stock |                 |              |                 |              |                 |              |
| 4.                  | Common Equity                   |                 |              |                 |              |                 |              |
| 5.                  | Other (Itemize by type)         |                 |              |                 |              |                 |              |
| 6.                  | Total Capitalization            |                 |              |                 |              |                 |              |

COMPANY NAME

Case No. 8859

Comparative Capital Structures (Excluding JDIC)

For the Periods as Shown

"000 Omitted"

| <u>Line<br/>No.</u> | <u>Type of Capital</u>          | <u>4th Year</u> |              | <u>3th Year</u> |              | <u>2th Year</u> |              |
|---------------------|---------------------------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
|                     |                                 | <u>Amount</u>   | <u>Ratio</u> | <u>Amount</u>   | <u>Ratio</u> | <u>Amount</u>   | <u>Ratio</u> |
| 1.                  | Long Term Debt                  |                 |              |                 |              |                 |              |
| 2.                  | Short Term Debt                 |                 |              |                 |              |                 |              |
| 3.                  | Preferred & Preference<br>Stock |                 |              |                 |              |                 |              |
| 4.                  | Common Equity                   |                 |              |                 |              |                 |              |
| 5.                  | Other (Itemize by type)         |                 |              |                 |              |                 |              |
| 6.                  | Total Capitalization            |                 |              |                 |              |                 |              |

COMPANY NAME

Case No. 8859

Comparative Capital Structures (Excluding JDIC)

For the Periods as Shown

"000 Omitted"

| Line<br>No. | Type of Capital                 | <u>1st Year</u> |              | <u>Test Year</u> |              | <u>Average</u><br><u>Test Year</u> |              |
|-------------|---------------------------------|-----------------|--------------|------------------|--------------|------------------------------------|--------------|
|             |                                 | <u>Amount</u>   | <u>Ratio</u> | <u>Amount</u>    | <u>Ratio</u> | <u>Amount</u>                      | <u>Ratio</u> |
| 1.          | Long Term Debt                  |                 |              |                  |              |                                    |              |
| 2.          | Short Term Debt                 |                 |              |                  |              |                                    |              |
| 3.          | Preferred & Preference<br>Stock |                 |              |                  |              |                                    |              |
| 4.          | Common Equity                   |                 |              |                  |              |                                    |              |
| 5.          | Other (Itemize by type)         |                 |              |                  |              |                                    |              |
| 6.          | Total Capitalization            |                 |              |                  |              |                                    |              |

COMPANY NAME

Case No. 8859

Comparative Capital Structures (Excluding JDITC)

For the Periods as Shown

"000 Omitted"

| <u>Line</u><br><u>No.</u> | <u>Type of Capital</u>          | <u>Latest Available Quarter</u><br><u>Amount</u> <u>Ratio</u> |
|---------------------------|---------------------------------|---|
| 1.                        | Long Term Debt                  |   |
| 2.                        | Short Term Debt                 |   |
| 3.                        | Preferred & Preference<br>Stock |   |
| 4.                        | Common Equity                   |   |
| 5.                        | Other (Itemize by Type)         |   |
| 6.                        | Total Capitalization            |   |

Instructions:

1. Provide a calculation of the average test year data as shown in Format 1, Schedule 2.
2. If the applicant is a member of an affiliated group, the above data is to be provided for the parent company and the system consolidated.

COMPANY NAME

Format 1  
Schedule 2

Case No. 8859

Calculation of Average Test Period Capital Structure  
12 Months Ended \_\_\_\_\_

"000 Omitted"

| Line<br>No. | Item<br>(a)                         | Total<br>Capital<br>(b) | Long-Term<br>Debt<br>(c) | Short-Term<br>Debt<br>(d) | Preferred<br>Stock<br>(e) | Common<br>Stock<br>(f) | Retained<br>Earnings<br>(g) | Total<br>Common<br>Equity<br>(h) |
|-------------|-------------------------------------|-------------------------|--------------------------|---------------------------|---------------------------|------------------------|-----------------------------|----------------------------------|
| 1.          | Balance beginning of test year      |                         |                          |                           |                           |                        |                             |                                  |
| 2.          | 1st Month                           |                         |                          |                           |                           |                        |                             |                                  |
| 3.          | 2nd Month                           |                         |                          |                           |                           |                        |                             |                                  |
| 4.          | 3rd Month                           |                         |                          |                           |                           |                        |                             |                                  |
| 5.          | 4th Month                           |                         |                          |                           |                           |                        |                             |                                  |
| 6.          | 5th Month                           |                         |                          |                           |                           |                        |                             |                                  |
| 7.          | 6th Month                           |                         |                          |                           |                           |                        |                             |                                  |
| 8.          | 7th Month                           |                         |                          |                           |                           |                        |                             |                                  |
| 9.          | 8th Month                           |                         |                          |                           |                           |                        |                             |                                  |
| 10.         | 9th Month                           |                         |                          |                           |                           |                        |                             |                                  |
| 11.         | 10th Month                          |                         |                          |                           |                           |                        |                             |                                  |
| 12.         | 11th Month                          |                         |                          |                           |                           |                        |                             |                                  |
| 13.         | 12th Month                          |                         |                          |                           |                           |                        |                             |                                  |
| 14.         | Total (L1 through L13)              |                         |                          |                           |                           |                        |                             |                                  |
| 15.         | Average balance (L14 ÷ 13)          |                         |                          |                           |                           |                        |                             |                                  |
| 16.         | Average capitalization ratios       |                         |                          |                           |                           |                        |                             |                                  |
| 17.         | End-of-period capitalization ratios |                         |                          |                           |                           |                        |                             |                                  |

Instructions:

1. If applicable, provide an additional schedule in the above format excluding common equity in subsidiaries from the total company capital structure. Show the amount of common equity excluded.
2. Include premium on class of stock.

COMPANY NAME  
Case No. 8859

Format 2a  
Schedule 1

Schedule of Outstanding Long-Term Debt  
For the Calendar Year Ended December 31, \_\_\_\_\_

| Line<br>No. | Type of<br>Debt Issue<br>(a) | Date<br>of<br>Issue<br>(b) | Date<br>of<br>Maturity<br>(c) | Amount<br>Outstanding<br>(d) | Coupon<br>Interest<br>Rate<br>(e) | Cost<br>Rate<br>At Issue<br>(f) | Cost<br>Rate to<br>Maturity<br>(g) | Bond Rating<br>At Time<br>of Issue<br>(h) | Type<br>of<br>Obligation<br>(i) | Annualized<br>Cost<br>Col.(d)xCol.(g)<br>(j) |
|-------------|------------------------------|----------------------------|-------------------------------|------------------------------|-----------------------------------|---------------------------------|------------------------------------|---|---------------------------------|--|
|-------------|------------------------------|----------------------------|-------------------------------|------------------------------|-----------------------------------|---------------------------------|------------------------------------|---|---------------------------------|--|

Total Long-Term Debt and  
Annualized Cost

Annualized Cost Rate [Total  
Col. (j) ÷ Total Col.(d)]

- 1 Nominal Rate
- 2 Nominal Rate Plus Discount or Premium Amortization
- 3 Nominal Rate Plus Discount or Premium Amortization and Issuance Cost
- 4 Standard and Poor's, Moody, etc.

COMPANY NAME

Format 2a  
Schedule 2

Case No. 8859

Schedule of Outstanding Long-Term Debt  
For the Test Year Ended \_\_\_\_\_

| Line<br>No. | Type of<br>Debt Issue<br>(a) | Date<br>of<br>Issue<br>(b) | Date<br>of<br>Maturity<br>(c) | Amount<br>Outstanding<br>(d) | Coupon<br>Interest<br>Rate<br>(e) | Cost<br>Rate<br>At Issue<br>(f) | Cost<br>Rate to<br>Maturity<br>(g) | Bond Rating<br>At Time<br>of Issue<br>(h) | Type<br>of<br>Obligation<br>(i) | Annualized<br>Cost<br>Col.(d)xCol.(g)<br>(j) | Actual<br>Test Year<br>Interest<br>Cost<br>(k) |
|-------------|------------------------------|----------------------------|-------------------------------|------------------------------|-----------------------------------|---------------------------------|------------------------------------|---|---------------------------------|--|--|
|-------------|------------------------------|----------------------------|-------------------------------|------------------------------|-----------------------------------|---------------------------------|------------------------------------|---|---------------------------------|--|--|

Total Long-Term Debt and  
Annualized Cost

Annualized Cost Rate [Total  
Col. (j) ÷ Total Col.(d)]

Actual Long-Term Debt Cost  
Rate [Total Col. k ÷ Total  
Reported in Col. (c) Line 15  
of Format 1, Schedule 2]

- 1 Nominal Rate
- 2 Nominal Rate Plus Discount or Premium Amortization and Issuance Cost
- 3 Nominal Rate Plus Discount or Premium Amortization and Issuance Cost
- 4 Standard and Poor's, Moody, etc.
- 5 Sum of Accrued Interest Amortization of Discount or Premium and Issuance Cost



Format 2a  
Schedule 3

COMPANY NAME

CASE NO. 8859

Long-Term Debt and Preferred Stock Cost Rates

| <u>Annualized Cost Rate</u> |                        |
|-----------------------------|------------------------|
| <u>Long-Term Debt</u>       | <u>Preferred Stock</u> |

Parent Company:

Test Year

Latest Calendar year

System Consolidated:

Test Year

Latest Calendar year

**Instruction:**

1. This schedule is to be completed only by applicants that are members of an affiliated group.
2. Detailed workpapers showing calculation of the above cost rates are to be available on request.

COMPANY NAME

Case No. 8859

Format 2b

Schedule of Short-Term Debt  
For the Test Year Ended \_\_\_\_\_

| <u>Line<br/>No.</u> | <u>Type of Debt<br/>Instrument</u><br>(a) | <u>Date<br/>of<br/>Issue</u><br>(b) | <u>Date<br/>of<br/>Maturity</u><br>(c) | <u>Amount<br/>Outstanding</u><br>(d) | <u>Nominal<br/>Interest<br/>Rate</u><br>(e) | <u>Effective<br/>Interest<br/>Cost Rate</u><br>(f) | <u>Annualized<br/>Interest Cost<br/>Col.(d)xCol.(f)</u><br>(g) |
|---------------------|---|-------------------------------------|--|--------------------------------------|---|--|--|
|---------------------|---|-------------------------------------|--|--------------------------------------|---|--|--|

Total Short-Term Debt

Annualized Cost Rate [Total Col. (g) ÷ Total Col.(d)]

Actual Interest Paid or Accrued on Short Term

Debt during the Test Year [Report in Col. (g) of this schedule]

Average Short-Term Debt - Format 1, Schedule 2

Line 15 Col. (d) [Report in Col. (g) of this schedule]

Test Year Interest Cost Rate [Actual Interest ÷

Average Short-Term Debt] [Report in Col. (f) of this schedule]

Instructions:

1. In all instances where the Effective Interest Cost Rate is different from the Nominal Interest Rate provide a calculation of the effective interest cost rate in sufficient detail to show the items of costs that cause the difference.

COMPANY NAME

Case No. 8859

Schedule of Outstanding Shares of Preferred Stock  
For the Calendar Year Ended \_\_\_\_\_

| Line<br>No. | Description of Issue<br>(a) | Date<br>of<br>Issue<br>(b) | Amount<br>Sold<br>(c) | Amount<br>Outstanding<br>(d) | Dividend<br>Rate<br>(e) | Cost Rate<br>at Issue<br>(f) | Annualized<br>Cost |           | Convertibility<br>Features<br>(h) |
|-------------|-----------------------------|----------------------------|-----------------------|------------------------------|-------------------------|------------------------------|--------------------|-----------|-----------------------------------|
|             |                             |                            |                       |                              |                         |                              | Col.(f)            | x Col.(d) |                                   |
|             |                             |                            |                       |                              |                         |                              | (g)                |           |                                   |

Total

Annualized Cost Rate [Total  
Col.(g) ÷ Total Col.(d)]

Instruction:

1. If the applicant has issued no preferred stock, this schedule may be omitted.

COMPANY NAME

Case No. 8859

Schedule of Outstanding Shares of Preferred Stock  
For the Test Year Ended \_\_\_\_\_

| Line<br>No. | Description of Issue<br>(a) | Date<br>of<br>Issue<br>(b) | Amount<br>Sold<br>(c) | Amount<br>Outstanding<br>(d) | Dividend<br>Rate<br>(e) | Cost<br>at Issue<br>(f) | Annualized<br>Cost<br>Col.(f) x Col.(d)<br>(g) | Actual<br>Test Year<br>Cost<br>(h) | Convertibility<br>Features<br>(i) |
|-------------|-----------------------------|----------------------------|-----------------------|------------------------------|-------------------------|-------------------------|--|------------------------------------|-----------------------------------|
|             |                             |                            |                       |                              |                         |                         |  |                                    |                                   |

Total

Annualized Cost Rate [Total  
Col.(g) ÷ Total Col.(d)]

Actual Test Year Cost Rate [Total  
Col.(h) ÷ Total Reported in  
Col.(e), Line 15 of Format 1,  
Schedule 2]

Instruction:  
1. If the applicant has issued no preferred stock, this schedule may be omitted.

COMPANY NAME

Format 4a

Case No. 8859

Schedule of Common Stock Issue

For the 10 Year Period Ended \_\_\_\_\_

| <u>DATE OF</u> |  | <u>Number</u><br><u>of Shares</u><br><u>Issued</u> | <u>Price Per</u><br><u>Share to</u><br><u>Public</u> | <u>Price Per</u><br><u>Share (Net</u><br><u>to Company)</u> | <u>Book Value</u><br><u>Per Share At</u><br><u>Date of Issue</u> | <u>Selling Exps.</u><br><u>As % of Gross</u><br><u>Issue Amount</u> | <u>Net</u><br><u>Proceeds</u><br><u>to Company</u> |
|----------------|--|--|--|---|--|---|--|
| <u>Issue</u>   | <u>Announcement</u><br><u>Registration</u> |  |  |   |  |   |  |

Instructions:

1. If applicant is a member of an affiliate group, provide in a separate schedule the above data for the parent company.

Format 4b

COMPANY NAME

Case No. 8859

Quarterly and Annual Common Stock Information  
For the Periods as Shown

| <u>Period</u> | <u>Average<br/>No. of Shares<br/>Outstanding</u><br>(000) | <u>Book<br/>Value</u><br>(\$) | <u>Earnings<br/>per<br/>Share</u><br>(\$) | <u>Dividend<br/>Rate<br/>Per Share</u><br>(\$) | <u>Return on<br/>Average<br/>Common Equity</u><br>(%) |
|---------------|---|-------------------------------|---|--|---|
|---------------|---|-------------------------------|---|--|---|

5th Calendar Year:

1st Quarter  
2nd Quarter  
3rd Quarter  
4th Quarter  
Annual

4th Calendar Year:

1st Quarter  
2nd Quarter  
3rd Quarter  
4th Quarter  
Annual

3rd Calendar Year:

1st Quarter  
2nd Quarter  
3rd Quarter  
4th Quarter  
Annual

2nd Calendar Year:

1st Quarter  
2nd Quarter  
3rd Quarter  
4th Quarter  
Annual

1st Calendar Year:

1st Quarter  
2nd Quarter  
3rd Quarter  
4th Quarter  
Annual

Latest Available Quarter

Instructions:

1. Report annual returns only.
2. If applicant is a member of an affiliate group, provide in a separate schedule the above data for the parent company.

COMPANY NAME

Case No. 8859

Common Stock - Market Price Information

Month

| <u>ITEM</u>                | <u>January</u> | <u>February</u> | <u>March</u> | <u>April</u> | <u>May</u> | <u>June</u> |
|----------------------------|----------------|-----------------|--------------|--------------|------------|-------------|
| 5th Year:                  |                |                 |              |              |            |             |
| Monthly High               |                |                 |              |              |            |             |
| Monthly Low                |                |                 |              |              |            |             |
| Monthly Closing Price      |                |                 |              |              |            |             |
| 4th Year:                  |                |                 |              |              |            |             |
| Monthly High               |                |                 |              |              |            |             |
| Monthly Low                |                |                 |              |              |            |             |
| Monthly Closing Price      |                |                 |              |              |            |             |
| 3rd Year:                  |                |                 |              |              |            |             |
| Monthly High               |                |                 |              |              |            |             |
| Monthly Low                |                |                 |              |              |            |             |
| Monthly Closing Price      |                |                 |              |              |            |             |
| 2nd Year:                  |                |                 |              |              |            |             |
| Monthly High               |                |                 |              |              |            |             |
| Monthly Low                |                |                 |              |              |            |             |
| Monthly Closing Price      |                |                 |              |              |            |             |
| Months to Date of Filings: |                |                 |              |              |            |             |
| Monthly High               |                |                 |              |              |            |             |
| Monthly Low                |                |                 |              |              |            |             |
| Monthly Closing Price      |                |                 |              |              |            |             |

Instructions:

1. Indicate all stock splits by date and type.
2. If applicant is a member of an affiliate group, provide in a separate schedule the above data for the parent company.

COMPANY NAME

Case No. 8859

Common Stock - Market Price Information

Month

| <u>Item</u> | <u>July</u> | <u>August</u> | <u>September</u> | <u>October</u> | <u>November</u> | <u>December</u> |
|-------------|-------------|---------------|------------------|----------------|-----------------|-----------------|
|-------------|-------------|---------------|------------------|----------------|-----------------|-----------------|

|                       |  |  |  |  |  |  |
|-----------------------|--|--|--|--|--|--|
| 5th Year:             |  |  |  |  |  |  |
| Monthly High          |  |  |  |  |  |  |
| Monthly Low           |  |  |  |  |  |  |
| Monthly Closing Price |  |  |  |  |  |  |

|                       |  |  |  |  |  |  |
|-----------------------|--|--|--|--|--|--|
| 4th Year:             |  |  |  |  |  |  |
| Monthly High          |  |  |  |  |  |  |
| Monthly Low           |  |  |  |  |  |  |
| Monthly Closing Price |  |  |  |  |  |  |

|                       |  |  |  |  |  |  |
|-----------------------|--|--|--|--|--|--|
| 3rd Year:             |  |  |  |  |  |  |
| Monthly High          |  |  |  |  |  |  |
| Monthly Low           |  |  |  |  |  |  |
| Monthly Closing Price |  |  |  |  |  |  |

|                       |  |  |  |  |  |  |
|-----------------------|--|--|--|--|--|--|
| 2nd Year:             |  |  |  |  |  |  |
| Monthly High          |  |  |  |  |  |  |
| Monthly Low           |  |  |  |  |  |  |
| Monthly Closing Price |  |  |  |  |  |  |

|                            |  |  |  |  |  |  |
|----------------------------|--|--|--|--|--|--|
| Months to Date of Filings: |  |  |  |  |  |  |
| Monthly High               |  |  |  |  |  |  |
| Monthly Low                |  |  |  |  |  |  |
| Monthly Closing Price      |  |  |  |  |  |  |

Instructions:

1. Indicate all stock splits by date and type.
2. If applicant is a member of an affiliate group, provide in a separate schedule the above data for the parent company.



COMPANY NAME

Case No. 8859

Computation of Fixed Charge Coverage Ratios  
For the Periods as Shown

| <u>10th Calendar Year</u>   |  | <u>9th Calendar Year</u>    |  | <u>8th Calendar Year</u>    |  |
|-----------------------------|--|-----------------------------|--|-----------------------------|--|
| <u>SEC</u><br><u>Method</u> | Bond or<br>Mortg.<br>Indenture<br>Require-<br>ment | <u>SEC</u><br><u>Method</u> | Bond or<br>Mortg.<br>Indenture<br>Require-<br>ment | <u>SEC</u><br><u>Method</u> | Bond or<br>Mortg.<br>Indenture<br>Require-<br>ment |
|                             |  |                             |  |                             |  |

No.   Item

Net Income  
Additions  
Itemize

Total Additions  
Deductions:  
Itemize

Total Deductions

Income Available for  
Fixed Charge Coverage

Fixed Charges

Fixed Charge Coverage  
Ratio

COMPANY NAME

Case No. 8859

Computation of Fixed Charge Coverage Ratios  
For the Periods as Shown

| <u>7th Calendar Year</u>    |  | <u>6th Calendar Year</u>    |  | <u>5th Calendar Year</u>    |  |
|-----------------------------|--|-----------------------------|--|-----------------------------|--|
| <u>SEC</u><br><u>Method</u> | Bond or<br>Mortg.<br>Indenture<br>Require-<br>ment | <u>SEC</u><br><u>Method</u> | Bond or<br>Mortg.<br>Indenture<br>Require-<br>ment | <u>SEC</u><br><u>Method</u> | Bond or<br>Mortg.<br>Indenture<br>Require-<br>ment |
|                             |  |                             |  |                             |  |

No.   Item

Net Income  
Additions  
Itemize

Total Additions  
Deductions:  
Itemize

Total Deductions

Income Available for  
Fixed Charge Coverage

Fixed Charges

Fixed Charge Coverage  
Ratio

COMPANY NAME

Case No. 8859

Computation of Fixed Charge Coverage Ratios  
For the Periods as Shown

| <u>4th Calendar Year</u> |           | <u>3th Calendar Year</u> |           | <u>2nd Calendar Year</u> |           |
|--------------------------|-----------|--------------------------|-----------|--------------------------|-----------|
|                          | Bond or   |                          | Bond or   |                          | Bond or   |
|                          | Mortg.    |                          | Mortg.    |                          | Mortg.    |
|                          | Indenture |                          | Indenture |                          | Indenture |
| SEC                      | Require-  | SEC                      | Require-  | SEC                      | Require-  |
| Method                   | ment      | Method                   | ment      | Method                   | ment      |

No.   Item

Net Income  
Additions  
Itemize

Total Additions  
Deductions:  
Itemize

Total Deductions

Income Available for  
Fixed Charge Coverage

Fixed Charges

Fixed Charge Coverage  
Ratio

COMPANY NAME

Case No. 8859

Computation of Fixed Charge Coverage Ratios  
For the Periods as Shown

| <u>1st Calendar Year</u> |                                | <u>Test Year</u> |                                |
|--------------------------|--------------------------------|------------------|--------------------------------|
|                          | Bond or<br>Mortg.<br>Indenture |                  | Bond or<br>Mortg.<br>Indenture |
| SEC                      | Require-                       | SEC              | Require-                       |
| Method                   | ment                           | Method           | ment                           |

No. Item

Net Income  
Additions  
Itemize

Total Additions  
Deductions:  
Itemize

Total Deductions

Income Available for  
Fixed Charge Coverage

Fixed Charges

Fixed Charge Coverage  
Ratio

Format 11n

Company Name

Case No. 8859

SUMMARY OF CUSTOMER DEPOSITS

Test Year

| <u>Line</u><br><u>No.</u> | <u>Month</u><br>(a)                               | <u>Receipts</u><br>(b) | <u>Refunds</u><br>(c) | <u>Balance</u><br>(d) |
|---------------------------|---|------------------------|-----------------------|-----------------------|
| 1.                        | Balance beginning of test year                    |                        |                       |                       |
| 2.                        | 1st Month   |                        |                       |                       |
| 3.                        | 2nd Month   |                        |                       |                       |
| 4.                        | 3rd Month   |                        |                       |                       |
| 5.                        | 4th Month   |                        |                       |                       |
| 6.                        | 5th Month   |                        |                       |                       |
| 7.                        | 6th Month   |                        |                       |                       |
| 8.                        | 7th Month   |                        |                       |                       |
| 9.                        | 8th Month   |                        |                       |                       |
| 10.                       | 9th Month   |                        |                       |                       |
| 11.                       | 10th Month  |                        |                       |                       |
| 12.                       | 11th Month  |                        |                       |                       |
| 13.                       | 12th Month  |                        |                       |                       |
| 14.                       | Total (L1 through L13)                            |                        |                       |                       |
| 15.                       | Average Balance (L14 ÷ 13)                        |                        |                       |                       |
| 16.                       | Amount of deposits received during test period    |                        |                       |                       |
| 17.                       | Amount of deposits refunded during test period    |                        |                       |                       |
| 18.                       | Number of deposits on hand end of test year       |                        |                       |                       |
| 19.                       | Average amount of deposit (L15, Column (d) ÷ L18) |                        |                       |                       |
| 20.                       | Interest paid during test period                  |                        |                       |                       |

COMPANY NAME  
COMMONWEALTH OF KENTUCKY

Case No. 8859

Form 12

EMPLOYEE CONCESSION TELEPHONE SERVICE  
TEST YEAR ENDING

| <u>No. of</u><br><u>People</u> | <u>Local</u>                   |                                 | <u>Other</u><br><u>Services</u> |
|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
|                                | <u>Main</u><br><u>Stations</u> | <u>Other</u><br><u>Services</u> |                                 |

| <u>Intrastate</u> | <u>Toll</u> | <u>Interstate</u> |
|-------------------|-------------|-------------------|
|-------------------|-------------|-------------------|

Kentucky Revenue Loss  
General Office Personnel  
(By percentage allowance)  
Kentucky Operations  
(By percentage allowance)  
Allowance Provided Employees  
Served by Other Telephone  
Companies  
Retired and Disabled Employees  
(By percentage allowance)  
Other

**COMPANY NAME**

**COMPARISON OF TEST YEAR ACCOUNT BALANCES WITH THOSE OF THE  
PRECEDING YEAR**

**Test Year  
Prior Year  
Increase  
(Decrease)**

## COMPANY NAME

Commonwealth of Kentucky

Case No. 8859

ANALYSIS OF SALARIES AND WAGES CHARGED TO EXPENSE  
TEST YEAR ENDING

| Line<br>No. | Item<br>(a)   | 12 Months Ended                   |            |            |            |            | Test<br>Year<br>(g) |
|-------------|---|-----------------------------------|------------|------------|------------|------------|---------------------|
|             |   | Calendar Years Prior to test Year |            |            |            |            |                     |
|             |   | 5th<br>(b)                        | 4th<br>(c) | 3rd<br>(d) | 2nd<br>(e) | 1st<br>(f) |                     |
| 1.          | Maintenance   | \$                                | \$         | \$         | \$         | \$         | \$                  |
| 2.          | Traffic   |                                   |            |            |            |            |                     |
| 3.          | Commercial  |                                   |            |            |            |            |                     |
| 4.          | Revenue Accounting  |                                   |            |            |            |            |                     |
| 5.          | General Office and<br>Adminstrative Salaries:                                 |                                   |            |            |            |            |                     |
| 6.          | (a) Executive Department  |                                   |            |            |            |            |                     |
| 7.          | (b) Accounting Department <sup>1/</sup>                                       |                                   |            |            |            |            |                     |
| 8.          | (c) Treasury Department   |                                   |            |            |            |            |                     |
| 9.          | (d) Law Department  |                                   |            |            |            |            |                     |
| 10.         | (e) Other General Office<br>Salaries  |                                   |            |            |            |            |                     |
| 11.         | (f) General Office and<br>Administrative<br>Salaries allocated<br>to Kentucky |                                   |            |            |            |            |                     |
| 12.         | Total General Office<br>Administrative Salaries<br>(Line 6 thru 11)           |                                   |            |            |            |            |                     |
| 13.         | Total Salaries and Wages<br>Charged Expense<br>(Lines 1 thru 4 + Line 12)     |                                   |            |            |            |            |                     |
| 14.         | Construction  |                                   |            |            |            |            |                     |
| 15.         | Total Salaries and Wages  |                                   |            |            |            |            |                     |

<sup>1/</sup> Exluding Revenue Accounting Salaries and Wages.



COMPANY NAME

Commonwealth of Kentucky

Case No. 8859

RECONCILIATION OF BOOK NET INCOME AND FEDERAL TAXABLE INCOME

12 Months Ended

| Line<br>No. | Item<br>(a) | Total                   |                                 | Kentucky Operations |                   | Other<br>Jurisdiction |
|-------------|-------------|-------------------------|---------------------------------|---------------------|-------------------|-----------------------|
|             |             | Total<br>Company<br>(b) | Non-operating<br>Company<br>(c) | Combined<br>(d)     | Intrastate<br>(e) |                       |

1. Net income per books
2. Add income taxes:
  3. A. Federal income tax-Current
  4. B. Federal income tax deferred-Depreciation
  5. C. Federal income tax deferred-Other
  6. D. Investment tax credit adjustment
  7. E. Federal income taxes charged to other income and deductions
  8. F. State income taxes
  9. G. State income taxes charged to other income and deductions
  10. Total
  11. Flow through items:
  12. Add (itemize)
  13. Deduct (itemize)
  14. Book taxable income
  15. Differences between book taxable income and taxable income per tax return:
    16. Add (itemize)
    17. Deduct (itemize)
    18. Taxable income per return

NOTE:

- (1) Provide a calculation of the amount shown on lines 3 through 7 above.
- (2) Provide work papers supporting each calculation including the depreciation schedules for straight-line tax and accelerated tax depreciation.
- (3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

COMPANY NAME

Form 20a(7)  
Schedule 2

Commonwealth of Kentucky

Case No. 8859

RECONCILIATION OF BOOK NET INCOME AND STATE TAXABLE INCOME  
12 Months Ended

| Line<br>No. | Item<br>(a) | Total          |                      | Kentucky Operations |                                |
|-------------|-------------|----------------|----------------------|---------------------|--------------------------------|
|             |             | Company<br>(b) | Non-operating<br>(c) | Combined<br>(d)     | Intrastate Jurisdiction<br>(e) |

1. Net income per books
2. Add income taxes:
3. A. Federal income tax-Current
4. B. Federal income tax deferred-Depreciation
5. C. Federal income tax deferred-Other
6. D. Investment tax credit adjustment
7. E. Federal income taxes charged to other income and deductions
8. F. State income taxes
9. G. State income taxes charged to other income and deductions
10. Total
11. Flow through items:
12. Add (itemize)
13. Deduct (itemize)
14. Book taxable income
15. Differences between book taxable income and taxable income per tax return:  
Add (itemize)  
Deduct (itemize)
16. Taxable income per return

NOTE:

- (1) Provide a calculation of the amount shown on Lines 8 through 9 above.
- (2) Provide work papers supporting each calculation including the depreciation schedules for straight-line tax and accelerated tax depreciation.
- (3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

COMPANY NAME

Case No. 8859

Analysis of Other Operating Taxes  
12 Months Ended

"000 Omitted"

| <u>Line<br/>No.</u> | <u>Item</u>                                    | <u>Charged Expense<br/>(a)</u> | <u>Charged to<br/>Construction<br/>(b)</u> | <u>Charged to<br/>Other Accounts<br/>(c)</u> | <u>Amount Accrued<br/>(d)</u> | <u>Amount<br/>Paid<br/>(e)</u> |
|---------------------|--|--------------------------------|--|--|-------------------------------|--------------------------------|
| 1.                  | Kentucky Retail:                               |                                |  |  |                               |                                |
|                     | (a) State Income                               |                                |  |  |                               |                                |
|                     | (b) Gross Receipts*                            |                                |  |  |                               |                                |
|                     | (c) Ad Valorem (Property)                      |                                |  |  |                               |                                |
|                     | (d) Payroll (Employer's Portion)               |                                |  |  |                               |                                |
|                     | (e) Other Taxes                                |                                |  |  |                               |                                |
| 2.                  | Total Kentucky Retail<br>[L1(a) through L1(d)] |                                |  |  |                               |                                |
| 3.                  | Other Jurisdictions                            |                                |  |  |                               |                                |
|                     | Total Per Books (L2 + L3)                      |                                |  |  |                               |                                |

Instructions:

\*Actual payments for test year should be shown under the amount paid column.

1. Explain items in column (c).

COMPANY NAME

Case No. 8859

KENTUCKY COMBINED  
NET OPERATING INCOME PER AVERAGE ACCESS LINE  
TEST YEAR ENDING

| Line<br>No. | Item<br>(a) | 12 Month Ended                    |     |     |     |     | Test<br>Year |
|-------------|-------------|-----------------------------------|-----|-----|-----|-----|--------------|
|             |             | Calendar Years Prior to Test Year |     |     |     |     |              |
|             |             | 5th                               | 4th | 3rd | 2nd | 1st |              |
|             |             | (b)                               | (c) | (d) | (e) | (f) | (g)          |

1. Operating Revenues
2. Local service revenues
3. Toll service revenues
4. Miscellaneous revenues
5. Uncollectibles - debit
6. Total operating revenues

7. Operation and Maintenance Expenses
8. Maintenance expenses
9. Depreciation and amortization
10. Traffic expenses
11. Commercial expenses
12. General office salaries and expenses
13. Other operating expenses
14. Total operation and maintenance expenses

15. Net operating revenue

16. Operating Taxes
17. Federal income taxes
18. State income taxes
19. Other operating taxes
20. Total operating taxes

21. Net operating income

22. Total average primary phone (13-month average)

Format 22  
Schedule 1

COMPANY NAME

Commonwealth of Kentucky

Case No. 8859

NUMBER OF EMPLOYEES  
TEST YEAR ENDING

| <u>Period</u>  | <u>Total</u><br>(a) | <u>Maintenance</u><br>(b) | <u>Traffic</u><br>(c) | <u>Commercial</u><br>(d) | <u>General<br/>Office</u><br>(e) |
|--|---------------------|---------------------------|-----------------------|--------------------------|----------------------------------|
| Month prior to<br>Test Year                                    |                     |                           |                       |                          |                                  |
| 1st Month of<br>Test Year                                      |                     |                           |                       |                          |                                  |
| 2nd Month  |                     |                           |                       |                          |                                  |
| 3rd Month  |                     |                           |                       |                          |                                  |
| 4th Month  |                     |                           |                       |                          |                                  |
| 5th Month  |                     |                           |                       |                          |                                  |
| 6th Month  |                     |                           |                       |                          |                                  |
| 7th Month  |                     |                           |                       |                          |                                  |
| 8th Month  |                     |                           |                       |                          |                                  |
| 9th Month  |                     |                           |                       |                          |                                  |
| 10th Month   |                     |                           |                       |                          |                                  |
| 11th Month   |                     |                           |                       |                          |                                  |
| 12th Month   |                     |                           |                       |                          |                                  |
| A 13-Month Average<br>for Calendar Years<br>Prior to Test Year |                     |                           |                       |                          |                                  |
| 5th Year   |                     |                           |                       |                          |                                  |
| 4th Year   |                     |                           |                       |                          |                                  |
| 3rd Year   |                     |                           |                       |                          |                                  |
| 2nd Year   |                     |                           |                       |                          |                                  |
| 1st Year   |                     |                           |                       |                          |                                  |
| Test Year  |                     |                           |                       |                          |                                  |

Format 22  
Schedule 2

COMPANY NAME

Commonwealth of Kentucky

Case No. 8859

STATION DATA

TEST YEAR ENDING

| <u>Period</u>  | <u>Main</u><br>(a) | <u>Centrex</u><br><u>Trunks</u><br>(b) | <u>PBX</u><br><u>Trunks</u><br>(c) | <u>Other</u><br><u>Equiva-</u><br><u>Lents</u><br>(d) | <u>Total</u><br><u>Primary</u><br><u>Phones</u><br>(e) |
|--|--------------------|--|------------------------------------|---|--|
| Month prior to<br>Test Year                                    |                    |  |                                    |   |  |
| 1st Month of<br>Test Year                                      |                    |  |                                    |   |  |
| 2nd Month  |                    |  |                                    |   |  |
| 3rd Month  |                    |  |                                    |   |  |
| 4th Month  |                    |  |                                    |   |  |
| 5th Month  |                    |  |                                    |   |  |
| 6th Month  |                    |  |                                    |   |  |
| 7th Month  |                    |  |                                    |   |  |
| 8th Month  |                    |  |                                    |   |  |
| 9th Month  |                    |  |                                    |   |  |
| 10th Month   |                    |  |                                    |   |  |
| 11th Month   |                    |  |                                    |   |  |
| 12th Month   |                    |  |                                    |   |  |
| A 13-Month Average<br>for Calendar Years<br>Prior to Test Year |                    |  |                                    |   |  |
| 5th Year   |                    |  |                                    |   |  |
| 4th Year   |                    |  |                                    |   |  |
| 3rd Year   |                    |  |                                    |   |  |
| 2nd Year   |                    |  |                                    |   |  |
| 1st Year   |                    |  |                                    |   |  |
| Test Year  |                    |  |                                    |   |  |

Format 22  
Schedule 3

COMPANY NAME

Commonwealth of Kentucky

Case No. 8859

GENERAL STATISTICAL DATA  
TEST YEAR ENDING

| <u>Period</u>                   | <u>Number of<br/>Employees Per<br/>Access Line<br/>(a)</u> | <u>Number of Station<br/>Connections Per<br/>Installer-<br/>Repairman<br/>(b)</u> |
|---------------------------------|--|---|
| 12 Months Ended December 31:    |  |   |
| Calendar Years Before Test Year |  |   |
| 5th Year                        |  |   |
| 4th Year                        |  |   |
| 3rd Year                        |  |   |
| 2nd Year                        |  |   |
| 1st Year                        |  |   |
| Test Year                       |  |   |

COMPANY NAME

Commonwealth of Kentucky

Case No. 8859

GENERAL STATISTICAL DATA  
TEST YEAR ENDING

| <u>Average<br/>Net Plant<br/>In Service</u><br>(a) | <u>Increase<br/>Over<br/>Prior Year</u><br>(b) | <u>Construction<br/>Budget<br/>Amount</u><br>(c) | <u>Increase<br/>Over<br/>Prior Year</u><br>(d) |
|--|--|--|--|
|--|--|--|--|

COMBINED

Calendar Years Before  
Test Year

5th Year  
4th Year  
3rd Year  
2nd Year  
1st Year  
Test Year

INTRASTATE

Calendar Years Before  
Test Year

5th Year  
4th Year  
3rd Year  
2nd Year  
1st Year  
Test Year



COMPANY NAME

Case No. 8859

KENTUCKY COMBINED OPERATIONS  
TELEPHONE PLANT IN SERVICE BY CLASS AT YEAR END PER AVERAGE ACCESS LINES  
TEST YEAR ENDING

| Account<br>Number | Account<br>(a)                 | 12 Month Ended                    |            |            |            |            |  | Test<br>Year<br>(g) |
|-------------------|--------------------------------|-----------------------------------|------------|------------|------------|------------|--|---------------------|
|                   |                                | Calendar Years Prior to Test Year |            |            |            |            |  |                     |
|                   |                                | 5th<br>(b)                        | 4th<br>(c) | 3rd<br>(d) | 2nd<br>(e) | 1st<br>(f) |  |                     |
| 201               | Organization                   |                                   |            |            |            |            |  |                     |
| 202               | Franchises                     |                                   |            |            |            |            |  |                     |
| 203               | Patent rights                  |                                   |            |            |            |            |  |                     |
| 211               | Land                           |                                   |            |            |            |            |  |                     |
| 212               | Buildings                      |                                   |            |            |            |            |  |                     |
| 221               | Central office equipment       |                                   |            |            |            |            |  |                     |
| 231               | Station apparatus              |                                   |            |            |            |            |  |                     |
| 232               | Station connections            |                                   |            |            |            |            |  |                     |
| 234               | Large private branch exchanges |                                   |            |            |            |            |  |                     |
| 241               | Pole lines                     |                                   |            |            |            |            |  |                     |
| 242.1             | Aerial cable                   |                                   |            |            |            |            |  |                     |
| 242.2             | Underground cable              |                                   |            |            |            |            |  |                     |

|   |                                   | 12 Month Ended                    |            |            |            |            |                     |
|---|-----------------------------------|-----------------------------------|------------|------------|------------|------------|---------------------|
|   |                                   | Calendar Years Prior to Test Year |            |            |            |            | Test<br>Year<br>(g) |
|   |                                   | 5th<br>(b)                        | 4th<br>(c) | 3rd<br>(d) | 2nd<br>(e) | 1st<br>(f) |                     |
| Account<br>Number                             | Account<br>(a)                    |                                   |            |            |            |            |                     |
| 242.3   | Buried cable                      |                                   |            |            |            |            |                     |
| 242.4   | Submarine cable                   |                                   |            |            |            |            |                     |
| 243   | Aerial cable                      |                                   |            |            |            |            |                     |
| 244   | Underground conduit               |                                   |            |            |            |            |                     |
| 261   | Furniture and office equipment    |                                   |            |            |            |            |                     |
| 264   | Vehicles and other work equipment |                                   |            |            |            |            |                     |
| 100.1   | Total telephone plant in service  |                                   |            |            |            |            |                     |
| Total average access line ( 13 month average) |                                   |                                   |            |            |            |            |                     |

COMPANY NAME

Format 24

Case No. 8859

KENTUCKY COMBINED OPERATIONS  
STATEMENT OF TELEPHONE PLANT IN SERVICE  
TEST YEAR ENDING

| Account<br>Number | Account<br>(a) | Balance<br>Beginning<br>Of Year (b) | Additions (c) | Retirements (d) | Balance<br>End Of Year (e) | Intrastate<br>Percent (f) | Intrastate<br>Portion (g) |
|-------------------|----------------|-------------------------------------|---------------|-----------------|----------------------------|---------------------------|---------------------------|
|-------------------|----------------|-------------------------------------|---------------|-----------------|----------------------------|---------------------------|---------------------------|

Telephone Plant In Service:

|       |                                   |  |  |  |  |  |  |
|-------|-----------------------------------|--|--|--|--|--|--|
| 201   | Organization                      |  |  |  |  |  |  |
| 202   | Franchises                        |  |  |  |  |  |  |
| 203   | Patent rights                     |  |  |  |  |  |  |
| 211   | land                              |  |  |  |  |  |  |
| 212   | Buildings                         |  |  |  |  |  |  |
| 221   | Central office equipment          |  |  |  |  |  |  |
| 231   | Station apparatus                 |  |  |  |  |  |  |
| 232   | Station connections               |  |  |  |  |  |  |
| 234   | Large private branch exchanges    |  |  |  |  |  |  |
| 241   | Pole lines                        |  |  |  |  |  |  |
| 242.1 | Aerial Cable                      |  |  |  |  |  |  |
| 242.2 | Underground cable                 |  |  |  |  |  |  |
| 242.3 | Buried cable                      |  |  |  |  |  |  |
| 242.4 | Submarine cable                   |  |  |  |  |  |  |
| 243   | Aerial wire                       |  |  |  |  |  |  |
| 244   | Underground conduit               |  |  |  |  |  |  |
|       | Furniture and office equipment    |  |  |  |  |  |  |
|       | Vehicles and other work equipment |  |  |  |  |  |  |
| 100.1 | Total telephone plant in service  |  |  |  |  |  |  |

Format 25a

COMPANY NAME

Case No. 8859

KENTUCKY COMBINED OPERATIONS  
ACCOUNT 642 - ADVERTISING  
FOR THE TEST YEAR ENDING

| <u>Line</u><br><u>No.</u> | <u>Item</u><br><u>(a)</u>                 | <u>Sales</u><br><u>Advertising</u><br><u>(b)</u> | <u>Institutional</u><br><u>Advertising</u><br><u>(c)</u> | <u>Rate</u><br><u>Case</u><br><u>(d)</u> | <u>Total</u><br><u>(e)</u> |
|---------------------------|---|--|--|--|----------------------------|
| 1.                        | Newspapers and periodicals                |  |  |  |                            |
| 2.                        | Booklets and pamphlets                    |  |  |  |                            |
| 3.                        | Bill inserts                              |  |  |  |                            |
| 4.                        | Displays, exhibits, posters, and placards |  |  |  |                            |
| 5.                        | Motion pictures                           |  |  |  |                            |
| 6.                        | Radio                                     |  |  |  |                            |
| 7.                        | Television                                |  |  |  |                            |
| 8.                        | Salaries and wages                        |  |  |  |                            |
| 9.                        | Other advertising                         |  |  |  |                            |
| 10.                       | Other expenses                            |  |  |  |                            |
| 11.                       | Total                                     |  |  |  |                            |

Format 25b

COMPANY NAME

Case No. 8859

KENTUCKY COMBINED OPERATIONS  
SUMMARY OF ACCOUNT NO. 675 - OTHER EXPENSES  
FOR THE TEST YEAR ENDING

| <u>Line</u><br><u>No.</u> | <u>Description</u><br>(a)                     | <u>Amount</u><br>(b) |
|---------------------------|---|----------------------|
| 1.                        | Valuations, inventories, and appraisals       |                      |
| 2.                        | Business Information System (BIS) expense     |                      |
| 3.                        | Purchase of employees service emblems         |                      |
| 4.                        | Membership fees and dues                      |                      |
| 5.                        | Directors' fees and expenses                  |                      |
| 6.                        | Printing Annual Report                        |                      |
| 7.                        | FCC Filing and Grant Fees                     |                      |
| 8.                        | Company apportioned amounts for various items |                      |
| 9.                        | Other items (itemize)                         |                      |
| 10.                       | -   |                      |
| 11.                       | -   |                      |
| 12.                       | Total   |                      |

Format 25c

COMPANY NAME

Case No. 8859

KENTUCKY COMBINED OPERATIONS  
ACCOUNT NO. 323 - MISCELLANEOUS INCOME CHARGES  
INCLUDED IN OPERATING EXPENSES

| <u>Line</u><br><u>No.</u> | <u>Item</u><br><u>(a)</u>       | <u>Amount</u><br><u>(b)</u> |
|---------------------------|---------------------------------|-----------------------------|
| 1.                        | Contributions (a)               |                             |
| 2.                        | Membership fees and dues (a)    |                             |
| 3.                        | Abandoned construction projects |                             |
| 4.                        | Other (itemize)                 |                             |
| 5.                        | Total                           |                             |

(a) Detail attached

Format 26

COMPANY NAME

CASE NO. 8859

Professional Service Expenses

For the Twelve Months Ended

| <u>Line</u><br><u>No.</u> | <u>Item</u> | <u>Rate Case</u> | <u>Annual Audit</u> | <u>Other</u> | <u>Total</u> |
|---------------------------|-------------|------------------|---------------------|--------------|--------------|
| 1.                        | Legal       |                  |                     |              |              |
| 2.                        | Engineering |                  |                     |              |              |
| 3.                        | Accounting  |                  |                     |              |              |
| 4.                        | Other       |                  |                     |              |              |
| 5.                        | Total       |                  |                     |              |              |

Format 32

COMPANY NAME

Case No. 8859

AVERAGE RATES OF RETURN

For the Calendar Years                      Through                      and the 12 Months Ended

| <u>Line</u><br><u>No.</u> | <u>Calendar Years</u><br><u>Prior to Test Year</u><br>(a) | <u>Total</u><br><u>Company</u><br>(b) | <u>Ky.</u><br><u>Jurisdiction</u><br>(c) | <u>Other</u><br><u>Jurisdictions</u><br>(d) |
|---------------------------|---|---------------------------------------|--|---|
| 1.                        | Original Cost Net Investment:                             |                                       |  |   |
| 2.                        | 5th Year  |                                       |  |   |
| 3.                        | 4th Year  |                                       |  |   |
| 4.                        | 3rd Year  |                                       |  |   |
| 5.                        | 2nd Year  |                                       |  |   |
| 6.                        | 1st Year  |                                       |  |   |
| 7.                        | Test Year   |                                       |  |   |
| 8.                        | Original Cost Common Equity:                              |                                       |  |   |
| 9.                        | 5th Year  |                                       |  |   |
| 10.                       | 4th Year  |                                       |  |   |
| 11.                       | 3rd Year  |                                       |  |   |
| 12.                       | 2nd Year  |                                       |  |   |
| 13.                       | 1st Year  |                                       |  |   |
| 14.                       | Test Year   |                                       |  |   |

NOTE: Provide work papers in support of the above calculations.



COMPANY NAME  
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SCHEDULE OF NUMBER OF EMPLOYEES, HOURS PER EMPLOYEE, AND AVERAGE WAGES PER EMPLOYEE

|           | Officials & Managerial Assistants |             | Professional and Semi-Professional |             | Business Office and Sales |             | Sales          |             |
|-----------|-----------------------------------|-------------|------------------------------------|-------------|---------------------------|-------------|----------------|-------------|
|           | No. Hrs. Wages                    | (b) (c) (d) | No. Hrs. Wages                     | (e) (f) (g) | No. Hrs. Wages            | (h) (i) (j) | No. Hrs. Wages | (k) (l) (m) |
| Test Year | (a)                               |             |                                    |             |                           |             |                |             |
| 5th Year  |                                   |             |                                    |             |                           |             |                |             |
| % Change  |                                   |             |                                    |             |                           |             |                |             |
| 4th Year  |                                   |             |                                    |             |                           |             |                |             |
| % Change  |                                   |             |                                    |             |                           |             |                |             |
| 3rd Year  |                                   |             |                                    |             |                           |             |                |             |
| % Change  |                                   |             |                                    |             |                           |             |                |             |
| 2nd Year  |                                   |             |                                    |             |                           |             |                |             |
| % Change  |                                   |             |                                    |             |                           |             |                |             |
| 1st Year  |                                   |             |                                    |             |                           |             |                |             |
| % Change  |                                   |             |                                    |             |                           |             |                |             |
| Test Year |                                   |             |                                    |             |                           |             |                |             |
| % Change  |                                   |             |                                    |             |                           |             |                |             |

- Note: (1) Where an employee's wages are charged to more than one function include employee in function receiving largest portion of total wages.
- (2) Show percentage increase (decrease) of each year over the prior year on lines designated above "% Change."
- (3) Employees, weekly hour per employee, and weekly wages per employee for the week including December 31 of each year and the last day of the test year.

COMPANY NAME  
Case No. 8859

Format 33  
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SCHEDULE OF NUMBER OF EMPLOYEES, HOURS PER EMPLOYEE, AND AVERAGE WAGES PER EMPLOYEE

|          | Tender Years<br>Prior to<br>Test Year | Telephone<br>Operators |      |       | Construction<br>Installation<br>& Maintenance |      |       | All Other |      |       | Total |      |       |
|----------|---------------------------------------|------------------------|------|-------|---|------|-------|-----------|------|-------|-------|------|-------|
|          |                                       | No.                    | Hrs. | Wages | No.   | Hrs. | Wages | No.       | Hrs. | Wages | No.   | Hrs. | Wages |
|          | (a)                                   | (n)                    | (o)  | (p)   | (q)   | (r)  | (s)   | (t)       | (u)  | (v)   | (w)   | (x)  | (y)   |
| 5th Year |                                       |                        |      |       |   |      |       |           |      |       |       |      |       |
| % Change |                                       |                        |      |       |   |      |       |           |      |       |       |      |       |
| 4th Year |                                       |                        |      |       |   |      |       |           |      |       |       |      |       |
| % Change |                                       |                        |      |       |   |      |       |           |      |       |       |      |       |
| 3rd Year |                                       |                        |      |       |   |      |       |           |      |       |       |      |       |
| % Change |                                       |                        |      |       |   |      |       |           |      |       |       |      |       |
| 2nd Year |                                       |                        |      |       |   |      |       |           |      |       |       |      |       |
| % Change |                                       |                        |      |       |   |      |       |           |      |       |       |      |       |
| 1st Year |                                       |                        |      |       |   |      |       |           |      |       |       |      |       |
| % Change |                                       |                        |      |       |   |      |       |           |      |       |       |      |       |
| % Change |                                       |                        |      |       |   |      |       |           |      |       |       |      |       |

- Note: (1) Where an employee's wages are charged to more than one function include employee in function receiving largest portion of total wages.
- (2) Show percentage increase (decrease) of each year over the prior year on lines designated above "% Change."
- (3) Employees, weekly hour per employee, and weekly wages per employee for the week including December 31 of each year and the last day of the test year.